

Public
Education
Employees'
Health
Insurance
Plan



For Retirees With Medicare

Administered By:
Blue Cross and Blue Shield of Alabama

Important Notice from PEEHIP About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it for future reference. This notice has information about your prescription drug coverage with PEEHIP and the prescription drug coverage under Part D of Medicare for people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

1. Starting January 1, 2006, prescription drug coverage became available to everyone with Medicare through various Medicare prescription drug plans.
2. The Public Education Employee's Health Insurance Plan (PEEHIP) elected to continue providing prescription drug benefits even when members were eligible for Medicare Part D benefits. The prescription drug coverage offered by PEEHIP is, on average for all plan participants, expected to pay out as much as the standard Medicare prescription drug coverage will pay. Therefore, the PEEHIP prescription drug coverage is considered "creditable coverage".
3. Read this notice carefully – it explains the options you have under Medicare prescription drug coverage and can help you decide whether or not you should enroll.

People with Medicare could have enrolled in a Medicare prescription drug plan from November 15, 2005 through May 15, 2006. However, because you have existing prescription drug coverage through PEEHIP that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without a late enrollment penalty. Each year, from November 15th through December 31st, you have the opportunity to enroll in a Medicare prescription drug plan.

If you decide to enroll in a Medicare prescription drug plan and drop your PEEHIP prescription drug coverage, be aware that you will lose your PEEHIP drug coverage and will not be able to get this coverage back until you drop the Medicare Part D coverage. Keep in mind that you are not able to take advantage of coverage under both the PEEHIP prescription drug program and through Medicare Part D.

You should compare your current coverage, including which drugs are covered, with the coverage and cost of the Medicare prescription drug plans in your area. To maximize the benefits you receive, you most likely should continue receiving benefits through PEEHIP and not enroll for Part D. However, because PEEHIP has creditable coverage, you can change your mind later and still enroll in Part D without a late enrollment penalty.

An exception may apply to certain "low-income" individuals who may be eligible for prescription drug subsidies, and thus may be better off applying for a subsidy and Part D (two separate steps). Low-income individuals generally are defined as having income below 150 percent of the Federal Poverty Level and assets of no more than \$10,000 per individual or \$20,000 per couple (not including homes, cars, household furnishings and possessions). The Social Security Administration (SSA) has developed an application form and process to determine eligibility.

If you feel you may qualify, go to the SSA Web page at **www.socialsecurity.gov** and click Medicare Outreach. Or, call or visit your local SSA office for more details; the national toll-free number is **1 800 772-1213**.

You should also know that if you drop or lose your coverage with PEEHIP and don't enroll in Medicare prescription drug coverage after your current coverage ends, you may pay more to enroll in Medicare prescription drug coverage later. If you go 60 days or longer without prescription drug coverage that's at least as good as Medicare's prescription drug coverage; your monthly premium will go up at least 1% per month for every month that you did not have that coverage. For example, if you go nineteen months without coverage, your premium will always be at least 19% higher than what most other people pay. You'll have to pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until the following November to enroll.

To learn more about the Medicare Part D Prescription Drug Benefit, access the following resources:

Medicare Modernization Act Medicare Part D Prescription Drug Benefit Information Resources for Retirees

Telephone Number	Description
Medicare 1-800-MEDICARE (1-800-633-4227)	Medicare Help Line
Social Security Administration 1-800-772-1213	Recorded information and services are available 24 hours a day, including weekends and holidays.

Web Site	Description
Medicare http://www.medicare.gov	Provides access to information about Medicare and Medicare health plans.
Centers for Medicare & Medicaid Services http://www.cms.hhs.gov	CMS administers Medicare and Medicaid programs. A database of frequently asked questions is available.
Social Security Administration http://www.ssa.gov	Link to the Social Security Administration's site for information on low-income subsidies and other resources.
AARP http://www.AARP.com/bulletin	Access the Medicare Benefit Drug Calculator, which illustrates what the new Medicare drug benefit means to you.
Access to Benefits Coalition http://www.accesstobenefits.com	Prescription drug savings for those who need them most.
Aging Parents and Elder Care http://www.todaysseniors.com	Senior Solutions is an independent organization providing information on issues to help seniors get the most out of retirement.
Benefits Check Up https://ssl.benefitscheckup.org	A service of the National Council on the Aging; helps find programs for people ages 55 and over that may pay some costs of prescription drugs, health care, utilities, and other essential items or services.
Destination Rx http://www.destinationrx.com	Provides a pharmacy discount buying service.
Medicare Rights Center http://www.medicarerights.org	Medicare Rights Center (MRC) is the largest independent U.S. source of health information and assistance for people with Medicare.
NeedyMeds.com http://www.needymeds.com	Find information on patient assistance programs that provide no cost prescription medications to eligible participants.
Rxaminer.com http://www.rxaminer.com	Use this prescription drug comparison tool to find lower-cost prescription drugs.
Together Rx http://www.togetherrx.com	Offers a prescription drug savings program.

YOUR PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN (PEEHIP) INSURANCE

PEEHIP retirees, using Medicare and their PEEHIP Insurance, have very good health care coverage. However, understanding how PEEHIP Insurance and Medicare work together can be confusing. PEEHIP and Blue Cross and Blue Shield of Alabama hope this brochure helps you understand how to make the best choices and get the care you need at the lowest cost to you. You may also refer to the regular PEEHIP benefit booklet for more information on the PEEHIP benefits. If you have questions, please refer to the "Customer Service" section at the end of this brochure for the appropriate phone number.

PEEHIP AND BLUE CROSS AND BLUE SHIELD OF ALABAMA

Blue Cross and Blue Shield of Alabama works very closely with PEEHIP to administer your benefits. You may select the doctor of your choice; however, when the physician of your choice accepts Medicare assignment, Medicare and PEEHIP cover 100% of the Medicare approved physician services after you meet your Medicare Part B deductible. You must also pay up to a \$20 copayment for physician visits. Under Medicare Part A, the PEEHIP plan will cover all but \$100 of the Medicare Part A inpatient hospital deductible. You are also responsible for any special charges you incur, such as a private room or television.

A Medicare eligible retiree and/or spouse must have both Medicare Part A and B to have adequate coverage with PEEHIP. If you do not have Part B, PEEHIP will only pay 20% of the Medicare allowable fee as if you had Part B. You must also pay up to a \$20 copayment for physician visits.

You Pay less if you choose a doctor who is a Medicare participating doctor. The best way to find out is to call the physician's office and ask these two questions: "Does the doctor accept Medicare assignment? Is (s)he a participating Medicare physician?" A doctor who participates in Medicare accepts Medicare's allowable fee as full payment for his/her service.

Besides avoiding excess charges, another advantage of using physicians or suppliers who accept Medicare assignment is that they are paid directly by Medicare. Those who do not accept assignment collect the full amount of the bill from you. Medicare then reimburses you its share of the approved amount for the services or supplies received. **Regardless of whether your physician accepts assignment, (s)he must file your Medicare claim for you.**

An easy way to understand how PEEHIP works when you use a physician who accepts Medicare assignment is to remember that:

$$\begin{aligned} & \text{MEDICARE PAYMENT} \\ & + \text{PEEHIP PAYMENT} \\ & + \text{VISIT COPAYMENT (when applicable)} \\ & \hline & = \text{PAYMENT IN FULL*} \end{aligned}$$

* On services approved by Medicare and PEEHIP after payment of the \$100 inpatient deductible, Part B deductible and physician visit copayment, if any, applicable at the time of service.

DEFINITIONS

MEDICARE ALLOWABLE FEE

The Medicare approved amount, also called the “Allowable Fee,” is the amount that Medicare determines to be a reasonable charge for the covered service. PEEHIP helps where Medicare leaves off, and it will pay the remainder of the “Medicare allowable fee” unless a portion is applied to the Medicare Part B deductible or there is a required physician visit copayment. If your doctor or supplier does not accept Medicare assignment and charges you more than the “Medicare allowable fee,” it is your responsibility to pay the difference.

However, if your physician is a Medicare Participating Physician, (s)he has agreed to accept Medicare’s allowable fee for services. Therefore, the services of a doctor who participates with Medicare will be covered in full after Medicare, your copayment and PEEHIP payments are made, and after the Medicare Part B deductible has been met.

MAXIMUM ALLOWABLE CHARGE

This is the maximum charge a physician who does not accept Medicare assignment may bill his patient. This charge is set by Medicare and is also referred to as the “Limiting Charge.”

EXPLANATION OF BENEFITS

Medicare will always notify you of any payment it makes on medical services you receive. This notice is called an “Explanation of Medicare Benefits” (EOMB).

Blue Cross will notify you of any PEEHIP payments by sending you a “Claims Report.” When a service is approved by Medicare, PEEHIP will consider the charges for payment after Medicare processes the claim.

MEDICARE PART A

Medicare Part A is the portion of Medicare which covers inpatient hospital care. This includes coverage for semi-private room and board, general nursing care, and miscellaneous hospital services and supplies after the deductible. PEEHIP will pay all but \$100 for the Medicare Part A deductible so the PEEHIP Medicare member's cost per admission, under Medicare Part A, will be \$100 plus any personal items (i.e. television, telephone, etc). The following page provides more detailed information on inpatient hospital benefits.

MEDICARE PART B

Medicare Part B covers doctors' bills and other outpatient services which are medically necessary, such as: outpatient hospital services, certain home health care services, and various medical services and supplies. After you have met your Medicare Part B deductible, Medicare will pay 80% of the allowable fee and PEEHIP will pay the remaining 20% of the Medicare allowable fee. You are also responsible for up to a \$20 copayment on physician visits.

WHAT PEEHIP COVERS

INPATIENT HOSPITAL CARE

Medicare has a Part A (hospital) deductible for inpatient hospital care. This includes coverage for semi-private room and board, general nursing care and miscellaneous hospital services and supplies after the deductible. It also includes coverage for meals, special care units, lab tests, diagnostic x-rays, medical supplies, operating and recovery room, anesthesia and rehabilitation services that are part of the hospital charges.

Physician and other professional charges for services received in the hospital are not part of inpatient hospital care, but are covered under PEEHIP (Major Medical benefits) and Medicare Part B benefits.

BENEFIT	MEDICARE PAYS	PEEHIP PAYS	YOU PAY
Inpatient Hospital Charges	<ul style="list-style-type: none"> - All but the Part A deductible per admission - All but applicable coinsurance after 60 days 	<ul style="list-style-type: none"> - All but \$100 per admission - Applicable coinsurance after 60 days 	A \$100 deductible and any personal charges (such as private room, telephone, TV, etc.).

If you are readmitted to the hospital for the same problem within 60 days of the original admission, you do not pay another deductible.

If you are readmitted to the hospital 60 days after discharge, Medicare requires another Part A deductible. PEEHIP will pay all but your portion of the Part A deductible (\$100).

If you are hospitalized for more than 60 days, Medicare requires you to pay a coinsurance payment for days 61 to 90. PEEHIP will pay the coinsurance for you. If you need to use your 60 lifetime reserve days of care, Medicare requires a coinsurance payment each day and PEEHIP pays this coinsurance also.

If you have to use all your Medicare eligible hospital days, PEEHIP will pick up 100 percent of your hospital bill, except for personal items, after the \$100 deductible to a lifetime maximum of \$1,000,000. The PEEHIP precertification requirements will also apply.

**AN OVERALL SUMMARY OF YOUR INPATIENT
MEDICARE + PEEHIP BENEFIT:**

When you are admitted to the hospital, you will owe a \$100 deductible. PEEHIP and Medicare will take care of all other eligible hospital charges except personal preference items not medically necessary (private room charges, telephone, television charges, etc.).

OUTPATIENT HOSPITAL CARE AND PHYSICIAN SERVICES

Medicare Part B has a deductible for outpatient services.* PEEHIP covers treatment received in the outpatient department of the hospital, including the facility charges for emergency room treatment, outpatient surgery, and all miscellaneous hospital supplies. The PEEHIP \$25 emergency room copayment and \$75 outpatient surgery copayment are waived for Medicare eligible retirees.

BENEFITS	MEDICARE PAYS	PEEHIP PAYS	YOU PAY
Outpatient hospital charges	80% of Medicare's approved amount after the Medicare Part B deductible	20% of Medicare's approved amount after the member meets Medicare Part B deductible and the \$20 copay for physician visits	Any charges** not covered by Medicare (including the Part B deductible) or PEEHIP*** and up to a \$20 copay for physician visits

* Your Medicare Part B deductible is set by Medicare and is subject to change.

** Including applicable copayments.

*** If your doctor does not accept Medicare assignment, (s)he may bill you at the time of service for the charges incurred. Medicare will reimburse you at 80% of the Medicare allowable fee and PEEHIP will pay the remainder of the Medicare allowable fee after the Part B deductible when the claim is filed with Blue Cross. You will be responsible for any charges not covered by Medicare or above the Medicare allowable amount on the unassigned charges.

EXAMPLES OF SERVICES COVERED BY PEEHIP:

- Physician services.
- X-rays and lab tests.
- Home health and hospice care provided by Preferred Home Health and hospice providers.
- Preventive care services when provided by a PPO physician (see your regular PEEHIP benefit booklet for a complete description of what is covered).
- Professional ambulance service to the closest hospital that could furnish the treatment needed for your condition. A physician must certify that the ambulance service was necessary, if Blue Cross requests it.
- Prosthetics and orthopedic devices pre-approved by Blue Cross.
- Radiation therapy.
- Physical therapy & speech therapy (when Medicare approved and performed by a licensed provider).
- Medical supplies such as oxygen, crutches, splints, casts, trusses and braces, syringes and needles, catheters, colostomy bags and supplies and surgical dressings.
- Durable medical equipment pre-approved by Blue Cross.

In the rare situation that a service is not covered by Medicare but is covered by PEEHIP, such as your prescription drug charges, PEEHIP will be primary and all PEEHIP deductible and copayment amounts, precertification requirements and contract limitations will apply. In a case where Medicare covers something that PEEHIP does not cover, such as nursing home facility charges, PEEHIP will not make any payment in addition to what Medicare pays.

The Prepaid Prescription Drug Program administered by Express Scripts, Inc. (ESI) gives you financial incentives to seek generic drugs and Preferred drugs when possible and to use Participating Pharmacies. There are no claim forms to file at Participating Pharmacies. Just show your PEEHIP ESI ID card to the pharmacist so he or she will know you have this coverage.

Each generic prescription has a \$5 copay. Each Preferred brand name prescription has a \$30 copay and each non-Preferred brand name prescription has a \$50 copay. **If you do not use a Participating Pharmacy in Alabama, you will not have any**

prescription drug benefits within the state of Alabama. Check with your pharmacist to make sure he or she participates.

A Preferred drug is a commonly prescribed drug that combines effectiveness and cost efficiency. Your physician and pharmacy should have a copy of the Preferred drug list. If a generic drug is not available, ask your physician to prescribe a Preferred prescription drug.

You should also try to use a Participating Pharmacy whenever possible if you are outside Alabama. For the name of a Participating Pharmacy in your area, you can visit the website at **www.express-scripts.com**. If you are unable to use a Participating Pharmacy outside Alabama, you should submit a manual claim form with your receipts attached. Manual claim forms can be obtained from the website at **www.rsa.state.al.us/PEEHIP/peehip.htm** then select Forms and Publications. These claims will be processed at the Participating Pharmacy rate less the appropriate copay. You will also owe any difference between the Participating Pharmacy rate and the charge. Benefits will be paid to you and not your pharmacy. If you use a Participating Pharmacy, you do not have to worry about filing claims or paying the difference between the pharmacy rate and the charge.

A Participating Pharmacy must dispense a generic medication when one is available. Please read the section in your regular PEEHIP benefit book titled HB171 Section 1.

For more details on your prescription drug benefits, please refer to your regular PEEHIP benefit booklet.

EXAMPLES OF SERVICES NOT COVERED BY PEEHIP:

- Nursing home costs.
- Custodial care.
- Vision care (except accidental injuries).
- Occupational, recreational and educational therapy.
- Cosmetic surgery.
- Routine physical examinations (except for the PPO preventive benefits described in your regular PEEHIP benefit booklet).
- Hearing aids.
- Experimental or investigational procedures.
- Services covered by Workman's Compensation laws or any other law that provides medical coverage.
- Travel, whether or not recommended by a physician.
- Charges in excess of the approved amount under Medicare Part B and/or any applicable copayments for physician visits.
- The Medicare Part B deductible.
- The Medicare Part D deductible.
- Dental services (unless related to an accidental injury).

HERE ARE SOME EXAMPLES HOW PHYSICIAN COSTS CAN VARY*:

1) Your doctor participates in Medicare.

- The doctor bills Medicare: \$80.00
- The Medicare allowable fee for the visit is: \$60.00
- And, Medicare pays the doctor 80% of this or: \$48.00
- PEEHIP pays the doctor the other 20% of the Medicare allowable, or: \$12.00**

The physician takes Medicare assignment and accepts the Medicare allowable as full payment.

2) Your doctor does not accept Medicare assignment.

- The doctor bills: \$80.00
- Medicare pays 80% of its allowable fee, which in this case is \$60; and 80% of that is: \$48.00
- PEEHIP pays 20% of the Medicare allowable or: \$12.00**
- The doctor can balance bill you up to his Maximum Allowable Charge, which in this case is \$69, but no more, so you receive a bill for: \$9.00**

* The amounts shown are only examples and do not reflect any actual doctor's charge. Please remember PEEHIP does not pay any portion of the Part B deductible, so you will be responsible for any charges applied to the deductible in both examples.

** If the charge is for a service that requires a copayment, then you are also responsible for up to \$20 for that service.

HOW TO USE YOUR PEEHIP INSURANCE

1. When you go to the doctor or hospital, show them your Medicare I.D. card and your PEEHIP I.D. card.
2. Your doctor or hospital should first send the claim to Medicare in Alabama when the services are received in Alabama. See the section on the next page entitled "Out-Of-State Treatment" for instructions when services are provided outside Alabama. If Medicare approves the service and your PEEHIP identification number is on the claim, the claim will automatically be sent to Blue Cross for processing. Claims that are not approved by Medicare will not automatically be sent to Blue Cross by Medicare for consideration.

The address for Medicare is:

Medicare Claims
P.O. Box 830140
Birmingham, Alabama 35283-0140

If Medicare does not automatically send your claim to Blue Cross, you may file yourself by sending the claim form and your Explanation of Medicare Benefits (EOMB) to:

Blue Cross and Blue Shield of Alabama
450 Riverchase Parkway East
P.O. Box 995
Birmingham, Alabama 35298-0001

3. You will be responsible for paying any personal charges in the hospital, such as telephone, TV, and private room difference. You are also responsible for any charges in excess of the Medicare approved amount when you use a physician who does not take Medicare assignment. **Regardless of whether your physician accepts assignment, (s)he must file your Medicare claim for you.**

OUT OF STATE TREATMENT

When you receive medical treatment outside Alabama, **Medicare of that state is responsible for the payment of the claim.** In this case, the claim may not automatically be sent to Blue Cross. If the claim is not automatically sent to Blue Cross, you should send the EOMB from the other state to Blue Cross and Blue Shield of Alabama attached to a completed claim form, so Blue Cross can consider the charges for payment. Use your PEEHIP identification number (from your PEEHIP ID card) and send the claim to:

Blue Cross and Blue Shield of Alabama
450 Riverchase Parkway East
P.O. Box 995
Birmingham, Alabama 35298-0001

If you receive medical treatment outside the United States, Medicare may not make payment. In this situation, if the services are medically necessary, PEEHIP will be primary and all PEEHIP deductible and copayment amounts and contract limitations will apply. File the claims to Blue Cross and Blue Shield of Alabama at the address listed above. The claims must be stated in U. S. dollars.

NOW - some frequently asked questions from our PEEHIP retirees:

“If I have Medicare and PEEHIP, do I need to get other insurance, too?”

Probably not, especially if your physician accepts Medicare assignment. Most people, if they receive services from doctors who participate in Medicare, will have very little out-of-pocket expense, especially since many PEEHIP copayments are waived when Medicare pays primary.

We don't want to talk you into, or out of, more insurance - we do want to help you make a good decision. And to do that:

- Calculate your out-of-pocket expenses for the last year or two.

- Figure out what part of these expenses additional insurance coverage would pay for.
- Compare your annual out-of-pocket expenses to the annual premium to decide whether you need other coverage.

“Will I receive a Claims Report telling me what PEEHIP has paid as my Medicare supplement?”

Yes, the Claims Reports for Medicare eligible members are mailed once the claims are processed.

ABOUT YOUR PEEHIP INSURANCE

Your PEEHIP program is FINANCIALLY RESPONSIBLE FOR PAYMENT OF YOUR BENEFITS. Blue Cross and Blue Shield of Alabama is only the **Administrator** employed by PEEHIP to process your claims according to the plan benefits. Express Scripts, Inc. is the prescription drug Administrator for PEEHIP.

You should have no financial uncertainty, because PEEHIP is well managed and soundly funded. PEEHIP has the **FINANCIAL RESOURCES** to assure payment of your claims.

YOUR BENEFITS are set by the PEEHIP Board and cannot be changed by the Administrator. Blue Cross and Blue Shield of Alabama and Express Scripts, Inc. are employed to better control costs while providing good service to you.

CUSTOMER SERVICE

We hope this brochure helps you understand and use your health care benefits to the fullest. If you have questions regarding your health benefits, the Blue Cross Customer Service Department will be glad to help. Customer Service representatives are available from 8:00 a.m. to 5:00 p.m. Monday through Friday. The telephone number is **1 800 327-3994**. When you call about a claim, you should have the following information available:

- Your contract number
- Your group number (14000)
- The date of service
- The name of the provider (hospital, doctor, etc.)

If you have questions regarding your prescription drug benefits, please call Express Scripts, Inc. at **1 866 243-2125**. You can reach Express Scripts, Inc. 24 hours-a-day, 7 days a week except on major holidays.

If you need to call Medicare, you can reach them at **1 800 292-8855**. Medicare representatives are also available from 8:00 a.m. to 5:00 p.m. Monday through Friday.

Blue Cross also has a special 24 hour-a-day, 7 day a week, Customer Service forms request line, called Rapid Response. The number is **1 800 248-5123**. A voice activated system will ask for your name, complete mailing address, daytime phone number, what materials you are requesting, how many you need, and the contract number from your PEEHIP ID card. If you know the Blue Cross form number, you can request the item by that number. Your request is recorded and will be mailed to you the next working day if you answer all the questions completely. Allowing mailing time, you should receive your requested materials within 3 - 5 days (excluding weekends and holidays). Use Rapid Response to order materials such as:

- Alabama Preferred Provider Directories
- Claim forms
- Replacement ID cards
- Benefit booklets
- Brochures

- Duplicate Claims Reports, and
- Other materials.

OTHER IMPORTANT BLUE CROSS PHONE NUMBERS

Fraud Hotline: **1 800 824-4391**

Preadmission Certification: **1 800 354-7412**

Medicare Fraud Hotline: **1 800 982-2790**

Blue Cross and Blue Shield of Alabama Website: **www.bcbsal.com/peehip**

EXPRESS SCRIPTS, INC.

Customer Service: **1 866 243-2125**

Website: **www.express-scripts.com**

CURASCRIPT

Customer Service: **1 888 773-7376**

PEEHIP OFFICE

The address and phone number for the Public Education Employees' Health Insurance Plan office is:

Public Education Employees' Health Insurance Plan

P. O. Box 302150

Montgomery, Alabama 36130

Phone: **334-832-4140**

or

1 800 214-2158

NOTES

PUBLIC EDUCATION EMPLOYEES' HEALTH INSURANCE PLAN

P.O. Box 302150
Montgomery, Alabama 36130-2150

135 South Union Street
Montgomery, Alabama 36104

Phone: (334) 832-4140
or 1 800 214-2158

www.rsa.state.al.us



**BlueCross BlueShield
of Alabama**

An Independent Licensee of the Blue Cross and Blue Shield Association.

450 Riverchase Parkway East
P. O. Box 995
Birmingham, Alabama 35298-0001

www.bcbsal.com/peehip

Customer Service: 1 800 327-3994

Rapid Response Forms Order: 1 800 248-5123

Fraud Hotline: 1 800 824-4391

Express Scripts, Inc: 1 866 243-2125

Curascript Specialty Pharmacy: 1 888 773-7376